



IN REPLY REFER TO

## DEFENSE CONTRACT AUDIT AGENCY

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FORT BELVOIR, VA 22060-6219

PIC 730.5.35.1

April 25, 2017  
17-PIC-004(R)

### MEMORANDUM FOR REGIONAL DIRECTORS, DCAA CORPORATE AUDIT DIRECTORS, DCAA ASSISTANT DIRECTORS, HQ, DCAA

**SUBJECT:** Audit Alert on DMIS Data for Low-Risk Memorandum Incurred Cost Assignments

The purpose of this audit alert is to provide general guidance on the entrance conference date and the type of documentation required in Livelink for all low-risk memorandum incurred cost assignments.

#### **Entrance Conference Date**

As part of our oversight, we have noted a wide variation in the dates FAOs are using to populate the entrance conference field in DMIS (e.g., date of receipt of incurred cost proposal, date the sample is run, date the contractor is notified that an audit will not be done). In order to maintain consistency throughout the Agency, auditors should enter the entrance conference date as the date the auditor begins to actually prepare the low-risk memorandum. The auditor should reach out to the contractor and Contracting Officer at this point to let them know that they will be preparing the low-risk memorandum and the rate agreement letter. Once we notify the contractor that we are beginning the low-risk memorandum process, we should continue to be responsive and complete the rate agreement letter and low-risk assignment as soon as possible.

#### **Documentation Required in Livelink**

As a reminder, an APPS package is not required for low-risk incurred cost assignments; however, auditors should include the following information in Livelink:

- Contractor's proposal,
- Adequacy checklist,
- High/Low-risk determination,
- Coordination/communication with the contracting officer(s),
- Communication with the contractor,
- Communication with prime contractor FAOs, if applicable,
- Low-risk memo issued to the ACO,
- Final rate agreement letter,
- Cumulative costs worksheet, if applicable,
- ADV calculations, and
- All other related documents.

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### **Questions and Further Information**

FAO personnel with questions regarding this audit alert should contact their regional offices. Regional personnel with questions regarding this audit alert should contact Policy Incurred Cost Division at (703) 767-2270 or via e-mail at DCAA-PIC@dcaa.mil.

/Signed/

Jennifer L. Quinones

Deputy Assistant Director, Policy and Plans

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